

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-04 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-05 NSAE-00 XMB-02 OPIC-06 LAB-01

SIL-01 AGR-05 ABF-01 FS-01 OPR-01 A-01 DRC-01 /073 W

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P R 170353Z OCT 74

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 1181

INFO AMEMBASSY BANGKOK

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E.O. 11652: N/A

TAGS: ECON, LA

SUBJECT: WEEKLY ECONOMIC SITUATION REPORT (OCT 9-15)

REFERENCE: VIENTIANE 7806

BEGIN SUMMARY. WEEKLY FOREIGN EXCHANGE SALES WERE SOMEWHAT ABOVE AVERAGE SINCE INITIATION OF FX CONTROLS IN AUGUST. COST OF BUYING FX IN PARALLEL MARKET ROSE SLIGHTLY, WHILE USAID COST-OF-LIVING INDEX REFLECTED SMALL DECLINE IN PRICE OF RICE. JAPANESE GOVERNMENT PROVIDED COMMODITY ASSISTANCE TO LAO GOVERNMENT UNDER SPECIAL \$3 MILLION AID PROGRAM. ECONOMIC MISSION RETURNED TO VIENTIANE WITH ASSURANCES OF AID FROM PRC AND NORTH KOREA, AND PROSPECTS OF FURTHER NEGOTIATIONS WITH ALGERIA. ELECTRICITE DU LAOS STRIKERS ACHIEVE INITIAL ACCEPTANCE OF THEIR DEMANDS FROM MINISTER OF PUBLIC WORKS. THAT LUANG FAIR OPENS, TO RUN FROM OCT 16 TO OCT 31. END SUMMARY.

1. TOTAL FOREIGN EXCHANGE SOLD THROUGH BANKS WEEK OF OCT 7 WAS \$570,000, COMPARED WITH WEEKLY AVERAGE OF \$487,000 SINCE INITIATION OF FX CONTROLS IN AUGUST. OF FX SOLD, 40
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PERCENT WAS FOR POL PRODUCTS AND 36 PERCENT FOR RICE

AND LIVESTOCK.

2. THE PARALLEL MARKET RATE OF EXCHANGE FLUCTUATED DURING THE PAST WEEK, ENDING ORIGINALLY ABOVE PREVIOUS WEEK'S LEVELS. ON OCT 16 MERCHANTS AND OTHER FOREIGN EXCHANGE DEALERS WERE BUYING DOLLARS FOR APPROXIMATELY 1,150 KIP PER DOLLAR AND SELLING FOR 1,170 KIP PER DOLLAR, UP FROM 1,140 BUYING AND 1,160 SELLING ON OCT 9. BAHT WAS BEING BOUGHT FOR 5,700 KIP PER 100 BAHT, SELLING 5,800 KIP.

3. USAID COST-OF-LIVING INDEX FOR VIENTIANE DECLINED SLIGHTLY DURING PAST WEEK, REFLECTING PRIMARILY PRICE DECLINES FOR SECOND-GRADE GLUTINOUS RICE AVAILABLE ON OPEN MARKET (NO CHANGE IN PRICE OF RICE SOLD THROUGH GOVERNMENT RICE SALES PROGRAM.) USAID INDEX ON OCT 16 REFLECTS FOLLOWING CHANGES:

	PERCENTAGE INCREASE SINCE		
	OCT 7	JULY 17	END 73
GENERAL INDEX	(-0.7)	10.7	48.0
RICE INDEX	(-2.1)	17.7	63.0
NON-RICE INDEX	(-0.2)	8.8	44.2

4. AT FORMAL CEREMONY ON OCT 14, JAPANESE CHARGE D'AFFAIRS TURNED OVER TO LAO GOVERNMENT COMMODITIES AND VEHICLES PROVIDED BY JAPANESE GOVERNMENT UNDER SPECIAL \$3 MILLION AID PROGRAM SIGNED LAST MARCH (VIENTIANE 5080). NINETY VEHICLES FOR JOINT COMMISSION AND POLICE FORCE INCLUDE JEEQGS, TRUCKS, AUTOS, AUTOBUSES AND MOTORCYCLES. COMMODITIES FOR HUMANITARIAN AND EMERGENCY ASSISTANCE INCLUDE MEDICAL SUPPLIES, BLANKETS, ROOFING SHEETS, NAILS, AGRICULTURAL EQUIPMENT :SHOVELS, HOES, SPADES, ETC.), TEXTILES, BULLDOZERS AND SPARE PARTS, RICE, AND SALT.

5. ECONOMIC MISSION HEADED BY MINISTER OF ECONOMY AND PLAN, SOTH PHETRASY, RETURNED TO VIENTIANE OCT 11, FOLLOWING CONCLUSION TRIP TO ALGERIA, PEKING SAND PYONRYANG. ACCORDING TO REPORTS PUBLISHED SO FAR (DETAILS CABLED SEPTTEL) RESULTS OF MISSION AS FOLLOWS:

A. ALGERIA: NO SPECIFIC AGREEMENT ON AID TO LAOS LIMITED OFFICIAL USE

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WAS SIGNED, BUT ALGERIA REQUESTED SPECIAL PGNU TECHNICAL TEAM AT LATER DATE TO DISCUSS ASSISTANCE NEEDS AND POSSIBLE AID THAT ALGERIA COULD PROVIDE.
B. CHINA: UNDER PGNU-PRC ECONOMIC AND TECHNICAL COOPERATION AGREEMENT PRC WILL PROVIDE RICE, CEMENT, TEXTILES, FERTILIZER, AND POL. ADDITIONALLY, PRC WILL PROVIDE 500,000 YUAN (APPROXIMATELY \$250,000) FOR LOCAL CURRENCY EXPENSES OF LAO EMBASSY. PRC

WILL ALSO CONSTRUCT A 500 MAN DORMITORY FOR LPF AND AN ASSEMBLY HALL IN LUANG PRABANG, AND WILL HELP TO CONSTRUCT A ROAD FROM NAM BAK (NORTH OF LUANG PRABANG) TO LUANG PRABANG.

C. NORTH KOREA: LIMITED AMOUNT OF COMMODITY ASSISTANCE WILL BE PROVIDED, INCLUDING CANNED FOOD, DRIED FISH, AND GINSENG.

6. STRIKE OF ELECTRICITE DU LAOS (EDL), WHICH BEGAN OCT 14, HAS CONTINUED INTO THIRD DAY (SEE REFTEL). A COMMITTEE HAS BEEN SET UP TO ARBITRATE THE DISPUTE AND INCLUDES REPRESENTATIVES OF VARIOUS GOVERNMENTAL, LABOR, AND STUDENT ORGANIZATIONS. MINISTER OF PUBLIC WORKS SINKAPO GAVE A SPEECH EARLY OCT 16 INDICATING HIS PERSONAL ACCEPTANCE OF EMPLOYEE DEMANDS. SO FAR THERE HAS BEEN NO REPORTED INTERRUPTION OF ELECTRICAL SERVICE. WILL PROVIDE DETAILS SEPTTEL.

7. OFFICIAL CEREMONIES MARKING OPENING OF THAT LUANG NATIONAL FAIR WERE HELD OCT 16. THE FAIR, WHICH IS TRADITIONALLY A CULTURAL AFFAIR, (HAS HAD A CHANGE OF EMPHASIS THIS YEAR TOWARD COMMERCIAL DISPLAYS AND SALES (ON A LIMITED BASIS). THE FAIR INCLUDES PARTICIPATION OF 14 COUNTRIES INCLUDING US, USSR, PRC, AND BOTH NORTH AND SOUTH VIETNAM. THIS WILL BE FIRST TIME THAT NORTH VIETNAMESE HAVE PARTICIPATED IN FAIR AND FIRST TIME SINCE 1967 THAT PRC HAS PARTICIPATED. THE U.S. PAVILLION INCLUDES COMMERCIAL DISPLAYS FROM 16 U.S. COMPANIES, OF WHICH 7 HAVE REPRESENTATIVES IN LAOS AND REMAINING 9 ARE REPRESENTED BY THEIR THAILAND-BASED AFFILIATES.

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8. DECONTROL FOLLOWING 10/16/75.
WHITEHOUSE

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Message Attributes

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Draft Date: 17 OCT 1974
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Disposition Date: 28 MAY 2004
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